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IAC-M-257
25 September 1956

I N T E L L I G E N C E A D V I S O R Y C O M M I T T E E

Minutes of Meeting Held in
IAC Conference Room, Administration Building
Central Intelligence Agency, at 1045, 25 September 1956

Acting Director of Central Intelligence
Lieutenant General Charles P. Cabell
Presiding

M E M B E R S P R E S E N T

Mr. W. Park Armstrong, Jr., Special Assistant for Intelligence,
Department of State
Major General Robert A. Schow, Assistant Chief of Staff, Intelligence,
Department of the Army
Rear Admiral R. H. Rice, acting for Director of Naval Intelligence,
Department of the Navy
Major General Millard Lewis, Director of Intelligence, Headquarters,
United States Air Force
Brigadier General Richard Collins, Deputy Director for Intelligence,
The Joint Staff
Mr. Harry S. Traynor, Atomic Energy Commission representative
to the IAC
Mr. Alan Belmont, Federal Bureau of Investigation representative
to the IAC

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IAC Meeting, 25 September 1956

ALSO PRESENT

Central Intelligence Agency



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Department of State

Mr. William McAfee
Mr. Harold W. Glidden

Department of the Army

Lieutenant Colonel Charles H. Pratt
Lieutenant Colonel Howard E. Thompson

Department of the Navy

Captain W. S. Howell

Department of the Air Force

Colonel Willis Sawyer
Lieutenant Colonel Kenneth L. Lueke
Lieutenant Colonel Van A. Woods, Jr.

The Joint Staff

Colonel E. G. Van Crman, USMC
Colonel Charles H. Dayhuff, Jr., USA
Colonel Richard H. Agnew, USA
Lieutenant Colonel James M. Norwood, USAF

Federal Bureau of Investigation

Mr. M. W. Kuhrtz

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1. Approval of Minutes
19 September Meeting
(IAC-M-256)

Approved as written.

2. Watch Committee Report
No. 320

Noted this report, including the special report incorporated in the annex thereto.

3. Release of NIE 92-56
The Outlook for Bolivia
(Memorandum to IAC, 18 September)

Agreed not to release this estimate to any foreign government.

4. Review of Suez Developments
(Discussion by IAC members
of significant developments
since last IAC meeting)

a. General Cabell stated that he had requested that this item be placed on the agenda in order to obtain the members' views as to whether any developments subsequent to approval of SNIE 30-5-56 would require a revision of that estimate. None of the members expressed the view that any such revision was necessary at this time. Mr. Armstrong noted various developments during the past week which appeared to diminish concern over the time span covered by that estimate.

b. After the Chairman referred to indications of certain possible Egyptian economic warfare moves, as listed by the staff of the National Indications Center, a Board of National Estimates evaluation of these indications was distributed to the members, and the members concurred in the Board's evaluation.

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c. The Chairman suggested, and the members concurred, that the Suez situation should be carried as an agenda item for the next few weeks.

5. Briefing by Continental
Air Defense Command

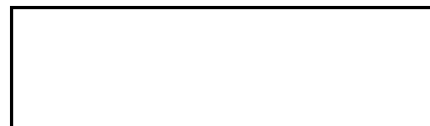
The Chairman, noting that a firm response should be made to General Partridge with respect to his invitation to IAC members to visit the Continental Air Defense Command (IAC-M-255, 11 September 1956, item 6), asked the members to express their preference as to timing. By majority vote, the members agreed that it would be preferable to leave on 1 November, returning to Washington on 3 November. The members also agreed that it would be desirable for the party to include, in addition to IAC members, at least one additional staff representative from each of the civilian IAC agencies. The Chairman stated that, in accepting the invitation, he would inform General Partridge of the members' views regarding timing and other arrangements.

6. Estimate on Nicaragua

The Chairman, noting the attempted assassination of President Somoza, raised the question of whether the IAC should initiate an estimate on the Nicaraguan situation. Mr. Armstrong stressed that, in order to be useful to policy-makers, such an estimate would have to be completed very shortly. Following a discussion between the members and General Bull, the members agreed that an estimate on Nicaragua should be undertaken on a crash basis, with a draft to be made available to IAC members no later than Wednesday (26 September).

Adjournment: 1115

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Secretary

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and concurred
in by IAC on
25 September 1956
(IAC-M-257, Item 4-6)
J.H.

25 September 1956

MEMORANDUM

SUBJECT: Implications of Possible Egyptian Economic Warfare Moves

1. The National Indications Center staff has listed various indications of possible Egyptian intent to nationalize additional Western enterprises in Egypt and has raised the question of whether the UK and France might not seize upon such action as a pretext for use of force against Egypt. The principal indication is the reported announcement in the Official Gazette of the establishment of a "General Petroleum Authority," headed by Nasser himself, which will have powers to buy up, absorb or affiliate with petroleum companies operating in Egypt.

2. We believe that the odds are against Egypt's actually following through with nationalization at this time--with the Suez issue about to come before the UN and Nehru's speech chiding Egypt for the abruptness of its nationalization of the Suez Canal just hitting the headlines. Any nationalization of foreign oil interests in Egypt would presumably also involve US marketing facilities and joint interests in certain production activities. However, Nasser almost certainly considers nationalization of British and French interests to be a potential weapon in the war of economic pressures. He probably also estimates that he could use this weapon without significantly increasing the risk of military counteraction, especially if he had applied it in response to additional British and French economic pressures.

3. Egyptian nationalization of additional British and French-owned enterprises in Egypt would emphasize the arbitrary and vindictive character of Nasser's exercise of the right of nationalization, and would add to Anglo-French resentment of the Nasser regime. However,

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it would offer less justification in the eyes of world opinion for the use of force than did nationalization of the Suez Canal Company. While such Egyptian action might prove the last straw in crystallizing British and French Government opinion in favor of the use of force, we believe on balance that such non-violent action would not result in a British-French resort to force unless US acquiescence in military action were somehow forthcoming.

4. In sum, we believe that the possibility raised by the Indications Center does not alter the conclusions of SNIE 30-5-56.

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